

## Message Text

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11

ACTION COME-00

INFO OCT-01 EA-06 ISO-00 EB-07 SS-15 TRSE-00 OMB-01 STR-04

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 USIA-06 HEW-02 /065 W

----- 046962

R 150920Z MAY 75

FM USLO PEKING

TO SECSTATE WASHDC 3763

INFO AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMCONSUL HONG KONG

CINCPAC FOR POLAD

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E.O.11652: N/A

TAGS: ETRD, ENRG, SPOP, EEWT, CH

SUBJECT: VISIT OF SECRETARY OF COMMERCE ROGERS C.B. MORTON

REF: PEKING 071

PASS COMMERCE

SUMMARY: SECRETARY OF COMMERCE MORTON PAID A PERSONAL VISIT TO PEKING FROM MAY 12 TO 15. DURING THE VISIT HE LUNCHEDED WITH MINISTER OF FOREIGN TRADE LI CH'ANG AND CCPIT CHAIRMAN WANG YAO-TING AND MEMBERS OF THEIR STAFFS AT USLO, AND DISCUSSED SINO-US TRADE, PRC PURCHASES OF OIL DRILLING EQUIPMENT, CHINA'S POPULATION, AND OTHER MATTERS OF COMMON INTEREST  
END SUMMARY.

1. SECRETARY OF COMMERCE ROGERS C.B. MORTON VISITED PEKING FROM MAY 12 TO 15 AS THE PERSONAL GUEST OF USLO CHIEF BUSH. HE WAS MET AND SEEN OFF AT THE AIRPORT BY DEPUTY CHIEF OF PROTOCOL TANG LUNG-PIN, WHO SAID THAT IN THE ABSENCE  
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OF FOREIGN MINISTER CH'IAO KUAN-HUA (IN FRANCE), VICE

FOREIGN MINISTER WANG HAI-JUNG HOPED TO BE ABLE TO ENTERTAIN THE SECRETARY AT DINNER. IT WAS NOT POSSIBLE, HOWEVER, TO ARRANGE A SUITABLE DAY, AND THE MATTER WAS DROPPED. MINISTER OF FOREIGN TRADE LI CH'ANG AND WANG YAO-TING, CHAIRMAN OF THE CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE, AND FOUR STAFF MEMBERS ATTENDED MR. BUSH'S LUNCHEON FOR THE SECRETARY MAY 14. LI WAS AFFABLE AND VOLUBLE, BUT HAD TO BE PRESSED TO DISCUSS SUBSTANTIVE MATTERS.

2. THE CHINESE WERE PREPARED TO DISCUSS CANTON FAIR, AND WHEN ASKED BOUT THE AMOUNT OF BUSINESS DONE, LI REPLIED THAT SALES TO THE US WERE \$30 MILLION AS OF MAY 12, WANG YAO-TING SPECIFIED \$31 MILLION, AND EXPLAINED THAT THIS FIGURE DID NOT INCLUDE GOODS SOLD TO FOREIGN FIRMS FOR THE US, OR EXPORTS TO BE TRANSHIPPED. LI ALSO NOTED IN GENERAL THAT ALTHOUGH CHINESE PRICES AT THE FAIR WERE DOWN, OVERALL BUSINESS WAS "LESS GOOD" THAN AT PREVIOUS FAIRS.

3. SECRETARY MORTON SAID THAT IN ORDER FOR TRADE BETWEEN THE PRC AND THE US TO INCREASE, CHINESE EXPORTS TO THE US MUST GROW. HE ASKED IF THERE WERE US REGULATIONS WHICH INTERFERED WITH CHINESE TRADE, AND OFFERED A CONFERENCE TO WORK WITH THE PRC ON CLARIFYING AND SIMPLIFYING REGULATIONS. THE CHINESE NOTED THE OFFER, BUT HAD NOTHING SPECIFIC TO SUGGEST.

4. WHEN ASKED IF HE WOULD VISIT THE US WITH THE CCPIT DELEGATION THIS FALL, WANG YAO-TING SAID THAT HE DOUBTED IT, DUE TO CONFLICT WITH OTHER VISITS IN HIS SCHEDULE.

5. SECRETARY MORTON NOTED THAT THE PRC HAD PURCHASED OFFSHORE OIL RIGS FROM SINGAPORE, AND REMINDED LI THAT WHILE CONSIDERATIONS OF POLITICS MIGHT SOMETIMES DICTATE PURCHASES ELSEWHERE, THE US REMAINED THE WORLD'S LEADER IN OFFSHORE DRILLING. LI CONFIRMED THAT THE PRC HAD MADE SUCH PURCHASES. HE ADDED THAT CHINA WAS UNDERTAKING ITS OWN OFFSHORE DRILLING IN SHALLOW WATER, BUT WAS NOT YET READY FOR DEEP WATER DRILLING. MR. BUSH STRESSED LIMITED OFFICIAL USE

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THE TECHNOLOGY SUPERIORITY OF THE US IN THIS FIELD, WHICH LI SAID THAT OTHER COUNTRIES HAD ACKNOWLEDGED. LI SAID THAT WHILE THE PRC WOULD PURCHASE NO OFFSHORE DRILLING EQUIPMENT FROM THE US THIS YEAR IT MIGHT DO SO IN THE FUTURE.

6. SECRETARY MORTON MENTIONED AIRCRAFT AS A POSSIBLE US EXPORT TO CHINA. LI SAID THAT "SOME PEOPLE" (OBVIOUSLY

MEANING NORTH KOREA) HAD WANTED TO BUY AIRCRAFT, BUT THAT THE US REFUSED TO SELL. HE AGREED WITH THE SECRETARY THAT THIS WAS A PROBLEM SEPARATE FROM SINO-US TRADE.

7. LI SAID THAT CHINA'S ANNUAL POPULATION INCREASE WAS BELOW TWO PERCENT, AND LATER ADDED THAT IT WAS ABOVE 1.5 PERCENT. HE ALSO NOTED THAT DURING THE RECENT VISIT OF A DELEGATION FROM TRINIDAD AND TOBAGO, IT HAD BEEN POINTED OUT THAT THE INCREASE OF CHINA'S POPULATION IN ONE MONTH WAS EQUAL TO OR GREATER THAN THE PRESENT POPULATION OF TRINIDAD AND TOBAGO. (OUR OUT-OF-DATE STATISTICS SHOW THE POPULATION OF TRINIDAD AND TOBAGO AT ABOUT 1.1 MILLION, WHICH WOULD MEAN AN ANNUAL INCREASE IN CHINESE POPULATION OF AT LEAST 13.2 MILLION.) WHEN SECRETARY MORTON ASKED IF THERE HAD BEEN A RECENT CENSUS, LI'S INTERPRETER SAID IN CHINESE THAT THERE HAD BEEN A CENSUS LAST YEAR, BUT LI REPLIED ONLY THAT CENSUS FIGURES HAVE BEEN UNSATISFACTORY.

8. COMMENT: PRC WAS COURTEOUS AND CORRECT IN ITS RECEPTION OF SECRETARY MORTON. PROTOCOL'S OFFER TO BE OF ASSISTANCE DURING THE VISIT WAS USED ONLY IN REQUESTING A VISIT TO A COMMUNE. SECRETARY MORTON ALSO MET WITH MEMBERS OF THE DIPLOMATIC COMMUNITY AT A RECEPTION AND A DINNER IN ADDITION TO SIGHTSEEING. BUSH

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